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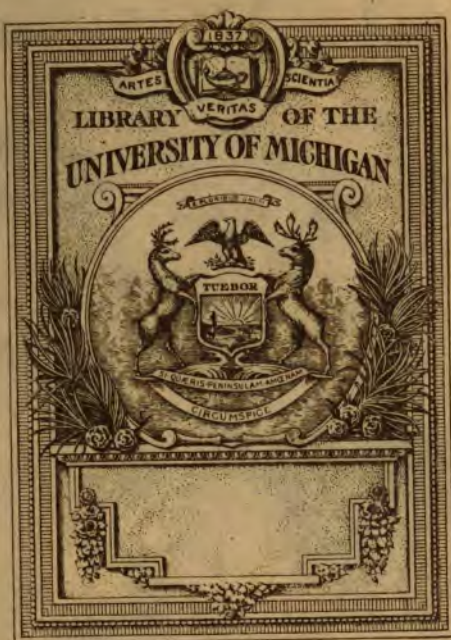
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CITY FINANCES OF BOSTON

ARGUMENT BEFORE THE

COMMITTEES ON METROPOLITAN AFFAIRS AND TAXATION

STATE HOUSE, BOSTON

19 MARCH, 1900

BY

THOMAS N. ^{orton}HART
MAYOR OF THE CITY



BOSTON
MUNICIPAL PRINTING OFFICE
1900

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CITY FINANCES OF BOSTON.

Gentlemen,—In discussing before you the affairs of Boston, I trust that no word may fall from my lips, nor any thought enter my mind, that will not bear the test of time, or go without the approval of Heaven. I have no cause of my own to offer. It is for Boston and Massachusetts that I speak. I do not speak for any temporary contrivance or scheme, but for the immutable laws of justice and right, to which all men and all statutes and all constitutions are subordinate.

The subject I offer is not a mere Boston concern. If it concerned Boston alone, it might deserve your close attention. It involves the Commonwealth; for under our laws the City of Boston can do little or nothing without the permission of the General Court. Nor is it a mere party measure I lay before you. It touches the whole community, not merely the taxpayer, or business man, or property holder, but all; and not merely the present time, but the future as well. In such an emergency you do not expect me to deal in personalities, to indulge in praising this man, or blaming that man.

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I have but one purpose,—to tell the truth, and to do right, well aware that all else must fail, and ought to fail.

The measure proposed is very simple. It intends to place Boston on the same financial footing with all other cities in the Commonwealth. It seems to me that no objection should be made to such a request. It would be a step forward in sound legislation. Universal experience favors general legislation, and no man has ever succeeded in defending special legislation as a correct principle. Yet the City of Boston labors under many hundreds of special laws. In recent years, as you are aware, these special laws have increased at such a rate that an undue share of the time and strength at the disposal of the General Court, properly belonging to the whole Commonwealth and all its people, has been devoted to Boston and the Metropolitan district. By adopting the measure I have laid before you, it seems to me that the General Court may save a month's time in its annual session. Unless we get the relief asked for in a general measure, we shall be obliged to come before you with a long series of special requests, some of which have made their appearance. In fact, recent Legislatures have become the City Council of Boston, and unless you adopt a new policy you will have to consider the needs of Boston as to streets, parks, school-houses, and other details. I submit that it is in your interest, and in the public interest, to act

solely as the General Court of Massachusetts, and not also as the City Council of Boston.

The law of 1885, which we seek to amend, was passed in good faith. It gave general satisfaction. It promised well. How was the promise kept? The books of the City and State can tell. We started with a gross debt of less than forty-three million dollars, in 1885, and the past fiscal year of the City ended with a gross debt of \$86,966,578.98. The law of 1885 was intended to limit our debt; as a matter of fact our gross liabilities are now more than double what they were fifteen years ago. I mention the gross debt, because the people pay interest and sinking-fund charges on the gross debt. And we should add the Boston liabilities incurred through metropolitan boards. They come to us in annual warrants. These warrants may run up toward a million dollars in the present year, representing a Boston liability of about twenty millions, when capitalised at five per cent. Exact figures, I regret to say, are not available. But whichever way the thing is figured, the fact remains that Boston is liable, in the gross, for a sum exceeding one hundred million dollars. I do not despair. The debt will be paid. But the burden is absolutely appalling, and if any man think the law of 1885 helped to keep our indebtedness down, he is welcome to his belief, and to all his statistics.

Few men can make much of statistical tables. I

fear that very few men can fully understand what it means that Boston is taxed for a debt representing more than a hundred millions. Taxed? I should not be here, had we been taxed for our debt in full. We have not. Let me tell you what was done. For interest and sinking-fund, to maintain our debt, the past fifteen years, we paid \$63,681,-753.19; the debt created during the same period was \$77,179,605. We created liabilities faster than we discharged them. The feat would have been impossible, were it not that more than a thousand million dollars of taxable property upheld the operation.

When the debt limit was established, in 1885, our net funded debt was \$24,596,579.91; our past financial year ended with a net debt of \$58,333,-369.10. The popular impression is that the increase is recent. It is nothing of the kind. The increase is distributed over the entire period during which the debt limit of 1885 was on our statute books. The increase was at first slow; it grew as time went on, and it must grow unless we call a halt. That the increase was greater in recent than in former years, is true. It could not be otherwise. Our expenses increase, and will increase; and our debt must increase correspondingly, unless we increase our revenues faster than our expenses. In sober truth, we pursue the opposite course.

Every Mayor since 1885 has tried to keep expenses down, hoping to reduce them to a proper

relation to taxes and income. Some Mayors thought it could be done. They had the highest inducement to do it. They failed. They failed completely. They were doomed to fail. For no financier can avert a deficit when his expenses grow faster than his revenues. And it is wholly idle to hope for relief from little economies. We can reduce salaries; we can discharge men by the hundred and by the thousand; but the government belongs to the people; they insist upon at least as good a service as they had in the past; very generally they demand a somewhat better service; and the law rather sustains them.

The law requires a number of things, costing money, that are yet to be done. Nor should the public service drop to a lower standard. In this condition of things I have no hope of reducing expenses materially below the totals of recent years, and I could not if I tried. The City Government, the General Court, public opinion, would overrule me. I cannot do as I choose; my hands are tied; I am the servant of the law; by far the largest part of expenses in my administration is in the nature of fixed or unavoidable charges. The alternative before me, before you, is rigid: Either more revenue, or more debt. The idea of stopping improvements, or giving up proper maintenance, the public is not willing to consider.

The financial condition of Boston, under State control since 1885, has not improved. In my judg-

ment it could not improve, for the reason that the General Court is not in a position to judge properly of every financial detail in Boston. It can lay down general laws; it cannot judge fully of so many financial measures as have come up from Boston. As these financial measures affect Boston, and not the treasury of the Commonwealth, it is but natural and legitimate that every General Court should dispose of them with a light conscience. If the measures be wrong, they may trouble Boston; they cannot trouble the General Court that passed them.


In any event, the practice of the past fifteen years is not creditable to anybody, and its results are most unfortunate. The responsibility should be distributed over fifteen years, and among a great many persons. But more important than blame and fault-finding is a way out of all difficulties. I propose to lay a greater responsibility upon the people of Boston and their City Government, and at the same time to relieve the General Court. The General Court, I think, will have done its duty when it has laid down a general tax and debt limit for all cities, if not for all municipalities in Massachusetts.

Under the bill which you are asked to pass, the City of Boston can borrow more money without additional authority. The object is to complete the work now in hand, and to meet all requirements as they arise, especially in the nature of school-houses and street improvements. In fact, the measure pro-

posed should make all special legislation in Boston finances unnecessary. If you pass the bill, it is all that Boston will ask in financial legislation, and you can dismiss all applications for more money to be expended in hospitals, parks, bridges, or buildings. Boston will be able to get along under the proposed arrangement, and for the first time in fifteen years will be able to treat its finances systematically.

It will not be able to build a new City Hall; but it will be prepared to put up all necessary buildings without going outside the general debt limit. The great danger of City Hall, the School Committee and special interests coming here for special authority to expend money outside the general limit will be averted. As you are aware, the larger part of the debt, in the past fifteen years, was created outside the limit of 1885, under special legislation. It is this special legislation, creating special debts, that we have every reason to dread and to terminate.

But the debt limit proposed is not the most important part of the measure in hand. It is from the new tax limit that we hope for better results. The bill raises the Boston tax limit for current expenses from nine dollars to twelve dollars per thousand of assessed valuation. The amount was fixed at that rate, not because we intend to add three dollars per thousand to our tax bills, but to treat all cities alike, and to avoid special Boston rates. It seems reasonable to treat cities alike. It does not seem unrea-



sonable to give Boston the same latitude enjoyed by other cities of the Commonwealth. Every dollar added to our tax rate will net about a million dollars in revenue. So the maximum we could obtain from the new rate would be three million dollars.

No City Government would dare to ask for every dollar it could. It would mean an addition of 33½ per cent. to our present rate for current purposes. The City Government would not appropriate the whole, or ask for the whole, for the reason that public opinion would not bear as much. It would retire the Government so reckless and grasping. And it could easily put its finger upon every guilty man. When the General Court appropriates Boston money, or Boston credit, the people of Boston are without a remedy. They have no voice in electing or defeating members of the General Court outside of Boston. Every member of the Boston City Government is subject to Boston votes.

The General Court may hesitate to entrust so much added power to Boston. But Boston may as well be trusted as other cities. The experiment of keeping Boston under special control of the State House, whether right or wrong in principle, has worked badly in fact. No man can tell what Boston might have done, or might not have done, if wholly left to itself, without any State-House restraint. But it is contrary to reason to think that Boston voters would have tolerated such finances as

we have had these fifteen years, or that our City Governments would have had the courage to run up debts at recent rates. The debt was actually run up under all sorts of special laws, in which Boston had little or no authority. Our financial condition is due to a long set of special laws, not made by you, but by your predecessors, all acting in good faith, I believe, but not always on sound information. These laws compelled us to have low taxes; they compelled us to build palaces and indulge in luxuries; they compel me at this very moment to make one appropriation for current work, and another appropriation of money raised by loans. The law treats loan orders as a regular thing, to be attended to like other routine work. No blame attaches to the present State government, and I decline to censure its predecessors; but the fact remains that State control has not worked well, and that another experiment is worth making.

We ask that a part of the discretion exercised by the General Court, which does not pay the bills, be transferred to the City which has to take all the consequences. How the City would act, no man can tell. But the results would be apparent to those who pay the bills and can turn from power every man who wastes City money, or unduly adds to the tax burden. No such condition has existed these fifteen years. We have heard much about City-Hall finances and financiering, about mayors keeping taxes down,

about administrations managing debts with startling ability. The truth is, they expended every cent they could lawfully get from taxes and other income; for the rest they ran in debt, and their debts piled up much faster than did the revenue the law allowed to be raised for interest and sinking funds. The finances of Boston for the past fifteen years have not been the work of mayors and city councils and school committees and county officers, but of special statutes. If this order of things is to be continued, the result may be foretold, unless we assume that human nature and human wants will be different the next fifteen years from what they have been since 1885. In this state of affairs it seems reasonable to let Boston show what it can do. Let the Boston City Government act on some responsibility, and let Boston taxpayers learn that their Mayor and City Council have some responsibility in making the tax rate.

Do you think that I ask for a higher tax rate in wantonness? I have as much at stake as most men, and perhaps more than the average. I have some experience in private business, and some in public affairs. My reputation is the result of a long life, now drawing to a close. Does any man think that I propose to throw away the record of a life? Does a responsible man set himself lightly in the place I hold? My natural sympathies and affiliations are with the majority at the State House and

the minority at City Hall. I am not a stranger to politics, if I may use the abused word.

Yet when I favor a higher tax rate in Boston, I take the largest and best view of the whole problem that years of study and observation, years of responsibility in office, and a life not wholly a stranger to honest living and honest thinking, force upon me with increasing power. I know very well what I can do at City Hall; that I can issue loans for very long terms, so that the tax bills will not tell much for the present; that I can manipulate; that I can hide unpopular truths; that I can make a show of brave financiering and low tax rates; that I can play the successful reformer, if applause be success; that I can play to all the galleries and all the committees, and retire with the reputation of being the most amiable of mayors.

But I should be undutiful to City and State, to business honesty and political morality, were I to withhold from you the truth that alone can save us. Suppose you grant what we ask. What will happen? All the world will know that Boston favored reasonable expenses and improvements, and taxed itself accordingly. It will redound to our honor, political and financial, to discontinue a policy of low taxes and generous expenses. We tried it. It failed. Let us mend our policy without a regret. Let us give up the childish idea that costly improvements will cease. They will not cease. In my judg-